

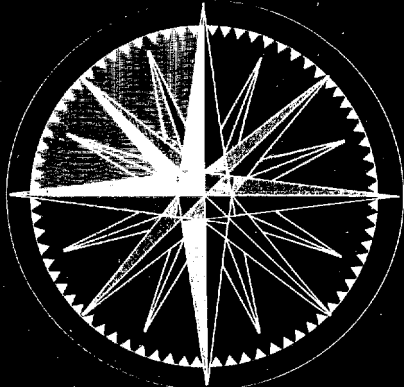
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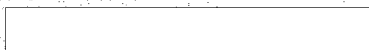
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# WEEKLY SUMMARY

## CENTRAL INTELLIGENCE AGENCY OFFICE OF CURRENT INTELLIGENCE

State Dept. review completed



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GROUP 1 Excluded from automatic  
downgrading and declassification

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## **C O N T E N T S**

(Information as of noon EDT, 29 July 1965)

	<u>Page</u>
<b>VIETNAM</b>	<b>1</b>
The surface-to-air missile sites in North Vietnam are now operational. The two most recently discovered sites in the area where a US fighter was shot down last week were reported 20 percent destroyed by a US strike on 27 July. Vietnamese Communist propaganda continues to sharpen the threat of bringing in foreign volunteers but stops short of admitting that some are participating in the fighting now. Viet Cong activity remains in a relative lull for the third week.	
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<b><u>The Communist World</u></b>	
<b>NEW SOVIET ICBM FIRINGS TO PACIFIC IMPACT AREA</b>	<b>6</b>
A 26 July announcement said an area 80 nautical miles in diameter 4,500 nautical miles from Tyuratam would be closed to shipping from 28 July to 15 October for tests of "new types of carrier rockets for space vehicles."	
<b>SOVIET ECONOMIC STATISTICS FOR MIDYEAR</b>	<b>8</b>
An apparent improvement in the Soviet economy since last year's midyear figures were announced is largely the result of the recovery of the food industry following the exceptional harvest of 1964.	
<b>THE RUMANIAN PARTY CONGRESS</b>	<b>10</b>
Except for statements by the Soviet and Chinese delegates, Rumania's 19-24 July party congress skirted ideological issues and concentrated on national affairs. In addition to reasserting Rumania's independent position in the Communist world, the proceedings served to enhance the power of party leader Ceausescu.	

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**BULGARIAN LEADER'S POSITION WEAK**

12

Moscow [ ] will withdraw its support of Todor Zhivkov's leadership unless he can improve the country's economic situation and end intra-party friction before next February's general elections.

**YUGOSLAV ECONOMIC REFORM MEASURES ADOPTED**

13

These reforms should have a favorable long-run effect on the economy, but initially will cause severe difficulties for certain industries and population groups.

**NORTH KOREA'S RELATIONS WITH THE BLOC**

14

There are growing signs that Pyongyang is moving back toward the policy of neutrality it once pursued in the Sino-Soviet dispute.

Asia-Africa

**LULL IN INDONESIAN CONFRONTATION ACTIVITIES AGAINST MALAYSIA**

17

All Indonesian military forces near Malaysia have nevertheless remained in a high state of alert, and preparations for future operations against Malaysia continue.

**THE SITUATION IN LAOS**

17

No single faction won a majority in the National Assembly elections, but minor cabinet changes are likely soon. Government military forces are exerting pressure on Pathet Lao positions.

**DOMESTIC PRESSURES FOR RHODESIAN DECLARATION OF INDEPENDENCE**

19

While Prime Minister Smith seems strong enough to withstand these pressures, he is continuing to develop close ties with the other white redoubts of southern Africa in case a unilateral declaration becomes necessary.

**TSHOMBE AND KASAVUBU MARK TIME IN CONGO FEUD**

20

The two leaders apparently are awaiting results of elections in three provinces next week. In the campaign against the remaining rebel strongholds, the government's military position continues to improve.

**GREEK CYPRIOTS ACT AGAINST TURKISH POLITICAL RIGHTS**

21

The Makarios regime has extended the life of the purely Greek Cypriot government and eliminated constitutional safeguards of the Turks' minority position.

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Europe

**NO BREAK IN GREEK POLITICAL CRISIS**

22

Premier-designate Athanasiadis-Novas seems to have little chance of winning a vote of confidence, and a new compromise figure is being sought to ease the confrontation between King Constantine and ousted prime minister Papandreou.

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**EEC STALEMATE THREATENS KENNEDY ROUND TRADE NEGOTIATIONS**

24

If the EEC crisis causes slippage in the Kennedy Round's tight negotiating schedule, the US Trade Expansion Act may expire before the trade talks can be concluded. All the EEC partners, however, may feel increasing pressure to resolve the crisis so the EEC will be able to make the decisions the Kennedy Round requires.

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Western Hemisphere

**NONALIGNED DOMINICAN GROUPS PRESS FOR EARLY SETTLEMENT**

25

Despite business and labor union pressure for a quick agreement, only minor progress was made this week in negotiations between the Caamano and Imbert factions.

**RECENT SOVIET MILITARY SHIPMENTS TO CUBA**

26

Probable arms deliveries by Soviet ships in the past two months are, like all those since October 1962, apparently designed chiefly to maintain rather than increase the level of arms in Cuba.

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**CUBAN REVOLUTION TURNING INWARD**

**27**

Castro's major theme in his 26 July speech was internal political and administrative affairs, although he again urged Latin American revolutionaries to follow Cuba's example.

**"NATIONAL CONCILIATION" EFFORT FAILING IN HONDURAS**

**28**

The resignation of Foreign Minister Ulloa from General Lopez' regime leaves only one member of the majority Liberal Party in a cabinet dominated by the minority Nationalist Party.

**World-Wide**

**MEETING OF EIGHTEEN-NATION DISARMAMENT COMMITTEE BEGINS**

**29**

Prospects for productive discussion are dim, however, because of Western differences over an agreement on non-proliferation of nuclear arms and apparent Soviet intentions to use the forum merely to attack the US. The French, although still refusing to participate in the ENDC meeting, are showing considerable interest in it.

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**VIETNAM**

25X1 All seven known surface-to-air missile (SAM) sites in North Vietnam are apparently operational.

[REDACTED]

On 24 July one USAF F4C fighter flying in a group of four was shot down by a SAM 37 miles west-northwest of Hanoi, well west of the five sites previously known. The other three fighters were damaged, but managed to land safely.

25X1 These planes were attacked from SAM sites--designated 6 and 7--constructed rapidly [REDACTED]

25X1 Photographs of the area [REDACTED] show no signs of construction. Subsequent analysis of photographs [REDACTED] however, show both sites nearing completion. Their location suggests they are intended as point defense for Phuc Yen Airfield. They also provide protection for the important Hanoi - Lao Cai rail line recently hit by US strikes.

25X1 USAF fighter bombers struck sites 6 and 7 on 27 July. Visual damage reports indicate that approximately 20 percent of both sites was destroyed. They were described as having napalm burns, and the radar van at site 7 was reportedly blackened by napalm. Nearby support facilities also were reported on fire. Four F-105s were shot down during the attack by heavy conventional

ground fire. Two others--one battle damaged and its escort--were lost in a midair collision on their return to base.

[REDACTED]

25X1 photography shows that construction is complete at sites 1 and 2, which also are almost certainly operational.

Stress on Bloc Aid to DRV

25X1 Vietnamese Communist propaganda continued to sharpen the threat to bring in foreign volunteers this week, but stopped short of an open admission that some are now participating in the fighting. On 25 July, Hanoi announced that foreign embassies had agreed to a program of military training for "students" presently in North Vietnam. The announcement singled out Chinese, North Korean, Polish, and Indonesian students and highlighted their statements that the program would give them an opportunity to "fight side by side with the Vietnamese." In South Vietnam, Liberation Front President Nguyen Huu Tho claimed in a 20 July speech that "socialist" countries "are now ready to support or are actually supporting us in all fields including weapons and volunteers."

The necessity of direct bloc participation in the Vietnamese war was also raised by the head

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of the North Vietnamese Army, General Vo Nguyen Giap, writing in the July issue of the party's theoretical journal, Hoc Tap. Giap read into the extent and nature of the US build-up in South Vietnam a possible intent to launch a ground strike on the DRV. He warned his people to make every preparation for such an attack and implied that the "whole socialist camp" would then come to Hanoi's aid.

The added emphasis on foreign participation may reflect, in part, the outcome of the recent swing through bloc capitals by DRV Deputy Premier Le Thanh Nghi. During his six-week junket, Nghi negotiated new aid agreements with practically all the bloc states.

The Chinese are apparently manufacturing arms for the Viet Cong in special lots

At least 33,000 carbines, 18,000 assault rifles, and 2,000 light machine guns in this

series have been produced-- enough to re-equip the bulk of the main Viet Cong combatant force.

#### The Fighting in the South

Viet Cong activity continued in a relative lull for the third consecutive week, falling for the most part into the usual patterns of terrorism, harassment of isolated posts, and interdiction of lines of communication. The Communists, however, may be regrouping forces for further large-scale attacks. Recent sighting reports

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indicate the presence of possibly three Viet Cong regiments within 24 miles of the US Marine installation at Chu Lai. Other reports suggest possible build-ups of Viet Cong forces near the Hau Nghia - Long An Province border area in the III Corps zone, and in Dinh Tuong Province in the IV Corps zone.

Government-initiated ground operations showed little variation in number, but for the first time since March, the weapons loss ratio favored the government. Friendly air support continued to account for a large percentage of Viet Cong casualties, with Vietnamese and US fixed-wing aircraft recently averaging more than 385 strike sorties per day despite uneven weather conditions. Coastal bombardment by US Navy warships reached a new high during the week, and was directed at more than 100 targets in all four corps zones. US ground troops engaged in little large-scale activity, being deployed mainly in defensive positions around the major bases at Bien Hoa, Da Nang, and Chu Lai. The major engagement of the week took place on 25 July when US marines, in a joint amphibious search-and-destroy operation with Vietnamese forces, killed 25 Viet

Cong and captured 33 on a small island seven miles north of Chu Lai.

#### South Vietnamese Politics

[redacted] no open opposition to the Saigon regime has developed thus far. Prior warnings by both Chief of State Thieu and Premier Ky against troublemaking were formalized in a government decree issued last week, providing stiff penalties for graft, economic profiteering, or sympathy for Communism or neutralism.

In the central highlands, representatives of the tribal autonomy movement FULRO have offered to cooperate with the government against the Viet Cong in return for government supplies and support and the right to fly their own flag. Formed after the September 1964 revolt in five tribal paramilitary camps, the FULRO group now is reported to be based across the border in Cambodia. Vietnamese officials are considering the FULRO offer, lest these elements turn increasingly to the Viet Cong for support. [redacted]

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The Communist World

**NEW SOVIET ICBM FIRINGS TO PACIFIC IMPACT AREA**

The USSR's announcement on 26 July of the forthcoming tests of "new types of carrier rockets for space vehicles" heralds its eleventh series of extended-range ICBM tests into the Pacific Ocean.

According to the announcement, a circular impact area measuring 80 nautical miles in diameter will be closed to shipping and aircraft for 12 hours daily from 28 July to 15 October. This area is about 4,500 nautical miles from the Tyuratam rangehead.

Soviet instrumentation ships are on station to monitor the forthcoming firings.

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**SOVIET ECONOMIC STATISTICS FOR MIDYEAR**

According to official figures, the Soviet economy is in slightly better shape now than at midyear 1964. The improvement is largely a result of the recovery of the food industry, in consequence of the exceptional harvest of 1964, from its low point after the very poor harvest of 1963.

Investment appears to have increased, reversing the downward trend of the past few years. The limited data released, however, are not sufficient to determine whether this increase will produce a commensurate rise in total investment for the year.

Growth in output in the major heavy industrial sectors either declined somewhat or remained at the midyear rates of 1964. Food and light industrial production rose 10 percent as compared with only 2 percent last year.

The chemical industry still enjoys a reasonably high priority, and so far the apparent reduction in some of the long-term goals since Khrushchev's ouster has had little or no effect on production. The six-month increase of 14 percent in chemical output makes attainment of the 1965 goal feasible, but commissioning of some new capacities is running behind schedule.

Growth in the important area of fuels and power is on schedule as are increases in metals and machine-building. The growth planned for machine-building was small and has been slowing since 1960.

Brezhnev's new program has yet to be greatly felt in agricultural production. Growth in investment was high but lower than in the first half of 1964. A record area was sown to wheat, but continued poor weather leaves the size of the harvest in doubt. Record procurements of meat, milk, and eggs reflect both a good feed supply from 1964 and the increase in procurement prices decreed by the new Soviet Government. In spite of the priority assigned to agriculture, there was no significant change in the general supply of agricultural equipment.

The construction industry continues to be plagued with protracted delays in completing projects, and shows no improvement over last year. The rate of growth in housing construction was better than in recent years, but progress remains insufficient to meet Soviet needs. The semiannual goal for completion of housing units fell short of fulfillment.

Consumer welfare in other areas has improved since last year. Incomes of state employees increased 6 percent and money payments to collective farmers rose 10 percent. Retail trade turnover grew, but apparently not as much as income, resulting in an increase in savings deposits substantially higher than in recent years. This suggests that the purchasing power of the population is increasing faster than the supply of salable goods.

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**SOVIET-ANNOUNCED FIGURES ON PLAN FULFILLMENT, 1964-65**

(Percent of Change From Corresponding Period of Previous Year)

	1964		1965	
	1st 6 Mos.	Full Year	1st 6 Mos.	Full Year (Plan)
Gross Industrial Production *	7.5	7	9.3	8
Industrial Materials				
Electric Power	11	12	10	11
Coal	4	4	5	1
Crude Petroleum	10	9	8	8
Gas	20	20	17	17
Mineral Fertilizers	23	28	26	31
Plastics and Resins	27	22	16	28
Cement	3	6	10	7
Commercial Timber	4	3	-1	**
Civilian Machinery				
Chemical Equipment	15	19	17	22
Oil Equipment	7	22	14	**
Agricultural Equipment	6	1	3	8
Consumer Goods				
Television Sets	19	18	20	28
Washing Machines	27	25	20	23
Refrigerators	20	25	38	64
Fabrics	5	5	2	3
Leather Footwear	3	3	2	1
Meat (State Slaughter)	-18	-23	33	12
Housing	3	-5	8	15
Labor Productivity in Industry	4	4	5	6
State Plan Investment (about 75% of total)	5	8	10	11

\* Soviet figures are generally 2 to 3 percentage points higher than CIA and other Western estimates.

\*\* Not Available

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**THE RUMANIAN PARTY CONGRESS**

The Rumanian party congress from 19 to 24 July reasserted the regime's determination to hold to an independent course in domestic and bloc affairs, and professed solidarity with the world Communist movement. Developments there also attest to the political power of party general secretary Ceausescu, who emerged from the proceedings as the undisputed "first among equals," supported by an inner group of leaders personally indebted to him.

The attendance of delegations from all 13 ruling Communist parties and from 43 other national Communist parties constituted an implicit endorsement of the new Rumanian party program. Except for statements by the Soviet and Chinese delegates, the congress successfully skirted ideological issues upon which some of the foreign delegations are in disagreement and focused on Rumanian national issues and party matters.

As a result of some of the organizational changes approved by the congress, the structure of the Rumanian party now resembles Yugoslavia's in certain important aspects. It now has an executive committee, composed of 15 full and 10 alternate members, which seems designed to ensure control by the party leadership--particularly in the economic sector--between party plenums.

Other structural changes enhance the power of Ceausescu, who now is party general secretary as well as chairman of the executive committee and of another newly created body, the seven-member permanent presidium. The latter group, which replaces the old politburo, is expected to be the locus of power. In addition, the membership of the central committee was increased from 110 to 196, and that of the party secretariat from 5 to 9. By a judicious shuffling of personnel and new appointments in all of these bodies, Ceausescu was able to staff them largely with his own supporters, thus ensuring a stable, united leadership.

Statements from Soviet and Chinese representatives at the congress indicated that Sino-Soviet rivalry continues unabated. [redacted]

there is no good evidence that Soviet party leader Brezhnev and China's Teng Hsiao-ping held bilateral talks. In his address to the congress, Brezhnev pressed for bloc unity on Vietnam, and underscored Moscow's intention to continue its "principled" contest with Peiping by building a record of firm opposition to "US imperialism" in Vietnam. Teng Hsiao-ping repeated China's familiar positions in the Sino-Soviet dispute, asserting that the Chinese party would continue its fight against "modern revisionism" and work toward "ideological purity." [redacted]

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## RUMANIA: CHANGES IN LEADING PARTY BODIES AT NINTH PARTY CONGRESS-JULY 1965

BEFORE THE CONGRESS	AFTER THE CONGRESS
<p>Ceausescu, N. Maurer, I. G. Apostol, G. Stoica, C. Bodnaras, E. Borila, P. Draghici, A. Moghioros, A. Birladeanu, A.</p> <p>Coliu, D. Rautu, L. Salajan, L. Voitec, S.</p>	<p>Ceausescu, N., Chrm. Maurer, I. G. Apostol, G. Stoica, C. Bodnaras, E.</p> <p>Draghici, A.</p> <p>Birladeanu, A.</p>
<p>Ceausescu, N., 1st Sec. Dalea, M. Stoica, C. Rautu, L. Niculescu-Mizil, P. Verdet, I.</p>	<p>Ceausescu, N., Gen. Sec. Dalea, M.</p> <p>Rautu, L. Niculescu-Mizil, P.</p> <p>Draghici, A. Moghioros, A. Partilinet, V. Manescu, M. Trofin, V.</p>
	<p>Ceausescu, N., Chrm. Maurer, I. G. Apostol, G. Stoica, C. Bodnaras, E. Borila, P. Draghici, A. Moghioros, A. Birladeanu, A. Radulescu, G. Dragan, C. Rautu, L. Salajan, L. Voitec, S. Niculescu-Mizil, P.</p> <p>Banc, I. Berghianu, M. Blajovici, P. Coliu, D. Danalache, F. Fazekas, I. Ghere, M. Lupu, P. Verdet, I. Vilcu, V.</p>

Names in RED are new members.

Names in BLUE are essentially new personalities on the national level.

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**BULGARIAN LEADER'S POSITION WEAK**

Bulgaria's party first secretary and premier, Todor Zhivkov, may lose Soviet backing unless he can improve his country's economic situation and reduce intraparty friction in the next six months. Zhivkov has long based his leadership on Moscow's support, and could not hope to continue as top leader without it.

position was also suggested by the presence of Academy of Sciences economist Mateev in the delegation which Zhivkov led to Rumania's 19-24 July party congress. Mateev has been publicly identified by Zhivkov as an opponent of the economic experimentation now being carried out in Bulgaria.

The Bulgarian economy could hardly show much improvement in six months. As for the political friction, Zhivkov has never succeeded in consolidating his position within the party since the eighth party congress in 1962, and has remained in his post only because he has successfully gone to the central committee when outvoted in the politburo.

While dark horses cannot be ruled out, leading candidates to replace Zhivkov include party secretary Mitko Grigorov for party first secretary, and state President Georgi Traykov or politburo member Zhivko Zhivkov for premier. Another possibility for party first secretary, Boris Velchev, may be unavailable because of a serious illness.

Zhivkov probably reflected his own concern over his continued tenure in a recent interview with Austrian journalists. In answer to a question about possible leadership changes, Zhivkov replied that "at least until the February 1966 elections, no changes are to be expected." The weakness of his

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**YUGOSLAV ECONOMIC REFORM MEASURES ADOPTED**

After long debate, the Yugoslav Government announced on 23 July a series of reform measures affecting foreign trade and the structure of domestic prices. These reforms should have a favorable long-run effect on the economy, but initially will cause severe difficulties for certain industries and population groups.

Effective 26 July 1965, the Yugoslav dinar was devalued from 750 to 1,250 to the US dollar. This will increase both the costs in dinars for imports and proceeds in dinars from exports, even though the increases will be partially offset by cuts in import tariffs and export subsidies. This move, which has been under consideration for a year, is intended to reduce the country's growing foreign trade deficit and allow some reduction in foreign trade controls.

On 1 January 1966, a new currency will be introduced at the rate of one new dinar to 100 old dinars. The rate of exchange will then be 12.5 dinars per US dollar, unless Yugoslav authorities meanwhile decide that further devaluation is required by price increases.

The government also plans large increases in the prices of certain products which have hitherto been kept abnormally low. This will allow reduction of extensive government subsidies of certain industries and together with the devaluation,

will bring Yugoslav prices more in line with world market prices. Prices are to double or triple for major raw materials, and are to rise 20-40 percent for certain unspecified processed materials, electric power, and basic agricultural products. Local authorities are to supervise a substantial increase in retail prices of foodstuffs. Price controls, which were extended to cover most of the economy last March, will be lifted for retail prices of industrial consumer goods. Such prices will in general be allowed to fluctuate freely in the next few months.

Although the government has recommended that enterprises increase workers' salaries by up to 25 percent, not all will be able to comply. As a result, the minimum 20-percent rise in the cost of living expected by the government will cause hardship for many families.

Yugoslavia has sought financial assistance from various foreign sources for the reform program. The International Monetary Fund has agreed to provide a credit of \$80 million, and the USSR has rescheduled payment on an old credit to Yugoslavia. Negotiations are continuing with the US and several West European countries for new credits, postponement of heavy debt payments coming due in the next few years, and other means of assistance.

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## NORTH KOREA'S RELATIONS WITH THE BLOC

North Korea appears to be joining the growing group of Communist countries which recognize that true national independence can be achieved only if they avoid leaning too far to either side in the Sino-Soviet dispute.

In the early stages of the dispute, Pyongyang pursued a policy of neutrality. In late 1962, however, recoiling from Khrushchev's heavy-handed pressure, the North Koreans began stressing national self-sufficiency but also supporting some of Peiping's anti-Soviet words and actions.

Indications of a shift in this attitude appeared after the replacement of Khrushchev last fall. Like all the other Communist regimes--including the Chinese--North Korea adopted a wait-and-see attitude toward the new Soviet leaders. Unlike China and Albania, which soon returned to the attack, Pyongyang has apparently found enough change in the Soviet attitude to warrant a new look at its own relations with Moscow.

In evidence of their new policy, the North Koreans have

not reiterated positions they held before Khrushchev's replacement, although developments since then have given them opportunities to echo the Chinese line. For example, they allowed the Soviet-sponsored meeting of Communist parties on 1 March to pass without comment, in contrast to their violent condemnation last summer of Khrushchev's plans to hold such a meeting. They did not challenge Moscow's right to participate in the abortive Afro-Asian Conference despite the adamant stand taken by Peiping on this question.

Another indication of North Korea's change of attitude was its treatment of the anniversary celebrations of its "friendship" treaties with the USSR and China. The Soviet ambassador's banquet for the occasion, which the Koreans boycotted in 1964, was attended this year by three politburo members whereas only two such officials--one less than in 1964--went to the dinner at the Chinese Embassy. Moreover, the Koreans' anniversary speeches did not, as last year, cite revisionism as the "main danger" to the socialist camp.

A major factor inducing Pyongyang's shift appears to

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have been Soviet Premier Kosygin's visit in February and his reported offer of new Soviet economic and military aid. On 27 May, TASS announced that a military delegation led by the North Korean chief of staff had concluded an agreement in Moscow to strengthen North Korea's defense.

The trend thus far is to the middle of the spectrum, not

into the Soviet camp. Pyongyang has itself not yet published the Soviet military agreement. In a major speech in April, Premier Kim Il-sung emphasized North Korea's intention to choose its own approach to bloc problems and made it clear that he would not tolerate a renewal of the economic and political dictation the Soviets once tried to impose.

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#### LULL IN INDONESIAN CONFRONTATION ACTIVITIES AGAINST MALAYSIA

A four-week lull in Indonesian confrontation activities against both peninsular Malaysia and Malaysian Borneo has followed the flurry of infiltration efforts timed to coincide with the aborted Afro-Asian Conference. All Indonesian military forces near Malaysia have nevertheless remained under a high state of alert since 19 June.

Preparations for future operations against Malaysia are continuing, and periods of more intense infiltration activity can be expected.

A large Indonesian military build-up around the periphery of Malaysia is now in its last stage.

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Although this build-up has improved Indonesia's capability for large-scale offensive action against Malaysia, open warfare war is unlikely in the near future. The troops involved in the build-up have generally been deployed in defensive positions.

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#### THE SITUATION IN LAOS

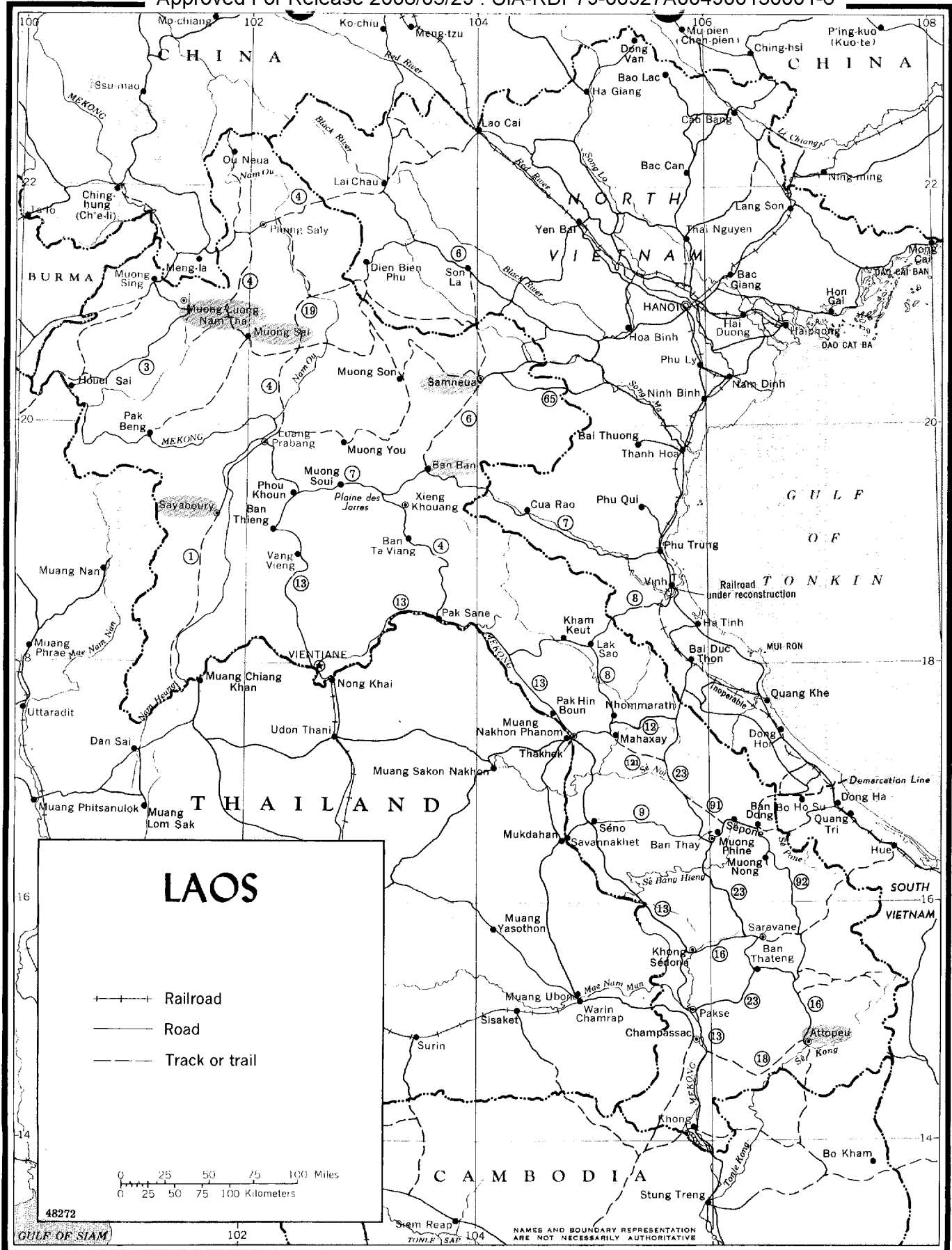
The National Assembly elections held in Laos on 18 July apparently failed to produce a clearcut majority for any of the participating non-Communist factions. Perhaps the strongest single grouping, according to as yet unofficial returns, will comprise a number of deputies associated with the young and moderate minister of finance, Sisouk na Champassak. Although this group might press for more active assembly participation in governmental affairs, Sisouk has indicated that for the present he will avoid agitating for any sweeping policy changes.

Premier Souvanna, who returned to Vientiane this week

from a stay in Europe, will probably propose some minor cabinet changes to the King soon. It appears likely, however, that the key figures will be carried over and that he will try to retain at least the facade of tripartite representation.

Meanwhile, there has been a step-up in military activity, as rightist forces attempt to exert pressure on Pathet Lao positions. In the north, General Vang Pao's guerrilla units have joined with regular rightist battalions in an effort to recapture territory between Ban Ban and Samneua which was lost to the Pathet Lao last winter.

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Receiving strong air support from the Laotian Air Force's T-28s, Vang Pao's units have met with considerable success since the beginning of the drive earlier this month.

Another major rightist operation is under way in the extreme south, where several rightist battalions have launched a coordinated drive against pro-Communist positions

along the Se Kong River southwest of Attapeu near the Cambodian border.

In other areas, only light activity has been reported. Rightist units are conducting a clearing operation along the Mekong northwest of Sayaboury, while farther to the north, pro-Communist forces reportedly are beefing up their positions near Muong Sai and Nam Tha.

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**DOMESTIC PRESSURES FOR RHODESIAN DECLARATION OF INDEPENDENCE**

Rhodesian Prime Minister Ian Smith is coming under considerable pressure from a strong faction within his Rhodesia Front party which is impatient with his policy of seeking a negotiated independence from the UK. These rightist pressures may reach a peak at the party congress in early August. While Smith seems strong enough to withstand them, he is continuing to develop closer ties with the other white redoubts of southern Africa--the Republic of South Africa and the Portuguese territories of Mozambique and Angola--in case a unilateral declaration of independence (UDI) becomes necessary.

Since Smith first clashed with the new Labor government in London last fall, Rhodesia has signed trade agreements with South Africa and Portugal,

high-level visits exchanged among three governments have been more frequent

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With official posts already established in South Africa and Mozambique, Salisbury now is pressing for diplomatic representation in Lisbon. Nevertheless, South Africa and Portugal, both with troubles of their own, have advised the Rhodesian Government against UDI and have refused to make commitments of military or political assistance in case of a crisis.

Meanwhile, a high UK Commonwealth official visited Salisbury this week in an attempt to keep UK-Rhodesian negotiations open and possibly to relieve pressure on both the UK and Rhodesia for immediate action.

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**TSHOMBE AND KASAVUBU MARK TIME IN CONGO FEUD**

Premier Tshombé and President Kasavubu apparently are marking time in their running feud for political dominance in the Congo. New moves may come after election of parliamentary deputies next week in three provinces where the results of earlier balloting were annulled as fraudulent. The voting will be held under the supervision of Interior Minister Nendaka, whose appointment by Kasavubu in mid-July was an especially bitter pill for Tshombé to swallow.

After these elections, the two leaders are likely to tangle over the formation of a new government. Kasavubu probably will again name Tshombé premier. Tshombé, for his part, appears willing to accept an occasional humiliation in the hope that by hanging on to the premiership and its prerogatives he will be in a strong position to challenge Kasavubu in presidential elections expected later this year.

At the same time, Tshombé is talking of resigning and is floating rumors that he might

return to Katanga. He probably hopes to frighten the President and his supporters by suggesting that their alternative to working with Tshombé in Leopoldville is a new secessionist movement.

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In the campaign against rebel holdouts in the eastern Congo, the government's overall position continues to improve. Government units are rapidly clearing the vast region between Kindu, Stanleyville, and Bukavu. In the northeast, small rebel bands continue to harass mercenary units but the government still holds all major towns and is restoring some of the area's economy. On the periphery of the Fizi area west of Lake Tanganyika, government forces have again successfully contained insurgent efforts to expand their control.

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**GREEK CYPRIOTS ACT AGAINST TURKISH POLITICAL RIGHTS**

The Greek Cypriots appear to have launched a concerted campaign to abrade the political position of the Turkish Cypriots.

The Makarios regime recently passed two legislative measures which have drawn strong protests from both the Turkish Cypriots and the Turkish Government in Ankara. One of these measures extended the life of the present purely Greek Cypriot government for up to 12 months. The second amended the electoral law to establish a common electoral list, thereby eliminating the special minority safeguards given the Turkish Cypriots under the constitution. Ankara has

warned President Makarios that he is "stretching the patience" of the Turkish Cypriot community and that the Turkish Government reserves the right to take "all necessary measures."

London and Athens have also protested the new laws. Greek Foreign Minister Melas told the British he had sent a sharp warning to Makarios to the effect that the Greek Government was against this type of brinkmanship and would be unable to support him in the new electoral procedures proposed. In fact the political crisis in Athens may impede any strong Greek stand for some time.

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Europe

NO BREAK IN GREEK POLITICAL CRISIS

No end is yet in sight for the two-week-old crisis in Greece sparked by King Constantine's ouster of Prime Minister Papandreou.

Papandreou continues to seek reinstatement and, with the aid of his controversial son Andreas, is trying to create popular pressure on the King to bring it about. The Papandreous have encouraged street demonstrations and have willingly accepted Communist support in their determined drive to unseat the new Athanasiadis-Novas government. The situation is made to order for Communist exploitation, and Communist agitators, slogans, tactics, and discipline have been apparent.

The government has shown determination and readiness to maintain order, however, and has generally kept demonstrators in line. It frustrated a potentially crippling general strike on 27 July by threatening to prosecute any utilities workers who stayed off the job.

Political maneuvering continues in an effort to restore unity within the majority Center Union party which was split by some defections to Athanasiadis-Novas. Papandreou, who is

fighting for his political life, insists that if he is not reinstated as prime minister there must be national elections. Under present conditions, a national vote would take on the character of a plebiscite on the status of the monarchy.

Parliament begins debating a vote of confidence for Athanasiadis-Novas on 30 July. There seems little chance that he will succeed. If the trend is against him from the start, he may resign even before a vote, to open the way for a compromise candidate. The name of former deputy prime minister Stephanopoulos has been most frequently mentioned to fill this role if, as the US Embassy in Athens comments, someone can prop him up long enough to accept it. The governor of the Bank of Greece, Xenophon Zolotas, has also been cited as another possibility.

A trend toward a new right-left polarization in Greek politics is threatening, however, with the possibility of army intervention in support of the King.

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**EEC STALEMATE THREATENS KENNEDY ROUND TRADE NEGOTIATIONS**

Anxiety is growing over the Kennedy Round of tariff negotiations as the crisis in the European Economic Community drags on. Next to the US, the EEC is the most important of the negotiating parties, and, unless it is able to enter into effective bargaining, the outlook for any sizable reduction in tariffs is cloudy indeed. Moreover, if present deadlines in the tight negotiating schedule slip by, the US Trade Expansion Act may have expired--in July 1967--before the negotiations can be concluded.

There has been no real loss of momentum since the EEC crisis erupted on 30 June because no major new decisions outside the EEC negotiators' existing mandates have been required. A crucial test will come on 16 September, however, when additional offers of reductions in agricultural protection are scheduled to be tabled. Failure to proceed with meaningful negotiations on agriculture at that time would destroy the balance of progress in both industrial and agricultural sectors which has been a principal hypothesis of the talks from the beginning.

Most observers believe the EEC will be unable to meet this date. The consensus which apparently emerged from the 26-27 July meeting of the EEC Council was that a special Council session--now set for October--would be necessary to work out a community position.

Faced with the prospect of an EEC default, the other negotiating parties must decide whether tabling their own offers will induce the EEC to "catch up" or merely undercut their bargaining position. The US delegation believes that, if other major participants also fail to meet the agricultural deadline, further pressure will be generated to cease meaningful industrial negotiations as well.

The requirements of the Kennedy Round schedule are likely in fact to have considerable impact on the outcome of the EEC crisis. Germany, Italy, and the Benelux states, with a heavy stake in an expanding world market for industrial products, may feel increasingly desperate to satisfy the--as yet unspecified--French demands so the community will be able to make the decisions the Kennedy Round requires.

Paris, however, is also under some domestic pressure not to let the Kennedy Round run out of steam. French interest in the world-wide agreement on grains cannot be satisfied in the foreseeable future outside the Kennedy Round context, and some government circles seem also concerned lest other French commercial interests suffer from a prolonged Kennedy Round stalemate.

Finally, both sides in the EEC must take into consideration that, if the EEC deadlock persists into next year, Kennedy Round issues can then be decided by majority vote.

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Western Hemisphere

**NONALIGNED DOMINICAN GROUPS PRESS FOR EARLY SETTLEMENT**

Influential groups not committed to either side in the Dominican stalemate are demanding that the Caamano and Imbert factions reach a settlement. The country's largest labor union has joined businessmen from Santo Domingo and the interior city of Santiago in urging a quick agreement. The second largest labor union, which has backed the rebels, pledged support for the OAS formula and the proposed provisional government. These groups have been spurred to action in part by continued economic stagnation, widespread unemployment, and disruption of normal commercial activities.

Despite pressure from these groups, only minor progress was made in negotiations during the past week. The rebels tentatively agreed to a revised institutional act that will guide the new government. No solution has been found, however, for such major problems as the future of the rebel military, disarmament of civilians, control of extremists, and the length of stay of the Inter-American Peace Force. Indeed, the OAS formula received a temporary setback when Eduardo Read Barreras declined to serve as vice president in a provisional government. Read feels the interim regime faces a bitter future and is concerned that it will not be able to disarm the rebels and control the armed forces.

Leaders of the antirebel armed forces now are supporting

the OAS formula for a provisional government and have displayed a somewhat flexible attitude in negotiations with the OAS.

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The military, through its moderate position, is probably trying to improve its image and head off demands for military reform. The leading officers, however, show no signs of permitting the rebels any influence in the military and continue to demand the disbanding of rebel paramilitary units.

Non-Communists in the rebel camp seem to be splitting over the type of settlement to demand. Juan Bosch, titular leader of the Dominican Revolutionary Party (PRD), favors a quick settlement and has even proposed that the rebel congress formally recognize Garcia Godoy as president. The PRD leadership in Santo Domingo advised against this, however, arguing that it would further antagonize those rebels who accepted Garcia Godoy only with reluctance. Moderates in the PRD, moreover, seem resentful of rebel "minister for the

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presidency" Hector Aristy's influence on Caamano and have hinted that they might oppose his views solely because it is he who is advancing them.

Demands for "a protracted war" continue to be voiced by the pro-Castro Fourteenth of June Political Group (APCJ) and the Chinese-influenced Dominican Popular Movement. Both groups feel that by maintaining the fight the US will be pressed to accede to rebel demands.

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#### RECENT SOVIET MILITARY SHIPMENTS TO CUBA

The first significant delivery of Soviet military equipment to Cuba this year appears to have been completed. In the past month, three Soviet freighters, the Transbalt, the F. Z. Kuryi, and the Bratstvo arrived in Cuba with possible military cargoes. Observations made at Mariel naval base indicated that military equipment had been off-loaded there, and preparations for what appeared to be the arrival of military equipment were observed at Bahia Honda.

The arrival of as many as three Soviet military shipments in a comparatively short space of time appears to have no special significance, although it is unusual. The only other known military delivery this year was a relatively modest one made by the Metallurg Anosov on 11 June. It probably consisted of maintenance equipment, spare

parts, ammunition, and possibly two cruise missiles. It is possible that other small deliveries of equipment for the Ministry of Defense may have arrived undetected along with commercial cargoes.

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Soviet deliveries of military equipment since October 1962 appear designed chiefly to maintain rather than increase the level of arms in Cuba. Further delivery of replacement equipment necessary to maintain the existing surface-to-air missile sites in Cuba may begin in the near future since much of the solid-propellant fuel and many booster engines for the Cuban missiles are believed to be reaching the limit of serviceability.

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**CUBAN REVOLUTION TURNING INWARD**

In a major speech on 26 July, Fidel Castro was mainly preoccupied with Cuban domestic affairs, a theme which has increasingly replaced his clarion calls for revolution elsewhere in Latin America. Castro, speaking for three hours on the 12th anniversary of the start of his revolution, concentrated on internal political and administrative matters and only briefly berated "enemies" of his regime.

Castro spoke extensively on the PURS (United Party of the Socialist Revolution), explaining the enhanced role this single Cuban party will play in local affairs and lecturing on its ideology. He pointed out that it will not merely imitate foreign examples, but will be based on the "spirit and peculiarities" of Cuba. The PURS, with a membership of about 45,000, has grown gradually in the past two years and has reflected Fidel's increased willingness to institutionalize the revolution.

Castro also announced a new system of administration to replace the coordinating boards (JUCEI) which have been the principal organs of local authority since late 1960. The new system will be more responsible to the PURS, and will reflect the increased decentralization which Castro called for.

The anniversary speech on political restructuring at least temporarily moves the focus away from the economic matters which have interested Castro since last summer. With the economy now started on an upturn, he may devote more time to internal political problems. He suggested in his speech that a socialist constitution may be ready within a year, and the organization of the PURS will probably be completed by that time. A definition of the powers and structure of the PURS national directorate may also be in the offing.

By attempting to strengthen the economy and internal administration, Castro apparently is trying to make Cuba a showcase for revolution. In his speech he urged Latin American revolutionaries to follow Cuba's example, but said that Cuba's first duty is to develop itself ideologically and economically. Castro, however, in turning the concentration of his revolution upon itself, has probably not altered his belief in the "inevitability of the revolutionary struggle." In fact, he added Peru to the list of Latin American countries--Guatemala, Venezuela, and Colombia--which he considers the best targets for revolution.

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**"NATIONAL CONCILIATION" EFFORT FAILING IN HONDURAS**

The regime of General Lopez in Honduras appears to be failing in its efforts at creating a semblance of national conciliation following the reinstitution of constitutional rule last month. The unexpected resignation of Foreign Minister Jose Angel Ulloa on 16 July leaves only one member of the majority Liberal Party in a cabinet dominated by the minority Nationalist Party.

Speculation in Tegucigalpa suggests that Ulloa resigned because many well-qualified Liberals had been dismissed from government jobs. His lack of a free hand in selecting ambassadors and subordinates in the ministry undoubtedly played a role also. The remaining Liberal--Labor Minister Amado Nunez--may resign shortly.

The new foreign minister, Tiburcio Carias Castillo, is a brother of the leader of the Popular Progressive Party (PPP)--an offshoot of the ruling Nationalist Party. Carias' appointment should help bring the dissident PPP back into the Nationalist fold, thereby broadening the government's political base and furthering Lopez' goal.

Unlikely to be a strong cabinet member, Carias has served several times as delegate to the United Nations General Assembly and as ambassador to Great Britain. Honduran foreign policy is expected to continue its Western orientation.

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World-wide

**MEETING OF EIGHTEEN-NATION DISARMAMENT COMMITTEE BEGINS**

The Eighteen-Nation Disarmament Committee (ENDC) resumed sessions this week, but prospects for productive discussions are dim because of differences among the Western Allies over the terms of an agreement on nonproliferation of nuclear weapons and apparent Soviet intentions to use the forum merely to attack US policy in Vietnam.

At the NATO Council meeting on 26 July, both the British and Canadians offered drafts of a nonproliferation agreement, with the UK's in particular provoking the expected reservations from West Germany and Italy. Both countries objected to language which might impede the subsequent organization of a NATO nuclear force and both wanted treaty guarantees to nonnuclear states.

In light of these objections, the British agreed not to table any proposals in the ENDC until there had been "sufficient" Allied consultation. They have since proposed alternative language, but the US delegation doubts that it will prove any more acceptable than the earlier version. If the present differences continue, London may feel obliged by domestic political considerations to go ahead.

The Canadian draft differs from the British primarily in providing for a collective security guarantee by nuclear powers to nonnuclear states in case of nuclear attack--as India and other nonaligned nations

proposed during the recent UN Disarmament Commission talks. Italy favors this and also favors inserting a clause which would allow any signatory to withdraw from the treaty should a multilateral nuclear force or a new nuclear state emerge. Such a provision, Rome probably believes, would help overcome Soviet difficulties with a NATO nuclear force. However, the Soviet delegate, when queried, dismissed the idea as "useless."

France, which is a member of the ENDC but refuses to attend because it claims the Committee is too unwieldy to negotiate complex disarmament issues, has shown considerable interest in ENDC proceedings. French officials admit that they consider disarmament of great importance despite Paris' "empty chair" policy. They probably also realize that this policy is inconsistent with the role De Gaulle wishes to play with the nonaligned nations.

Another reason for this interest may be France's own strong opposition to the MLF. A French official has claimed that the Soviets severely reprimanded the French for refusing to take part in the discussions, probably because the Soviets would like more support in their attack on the MLF. The French claim that Soviet opposition to the MLF is not a tactic but a reflection of genuine mistrust and fear of Germany.

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